

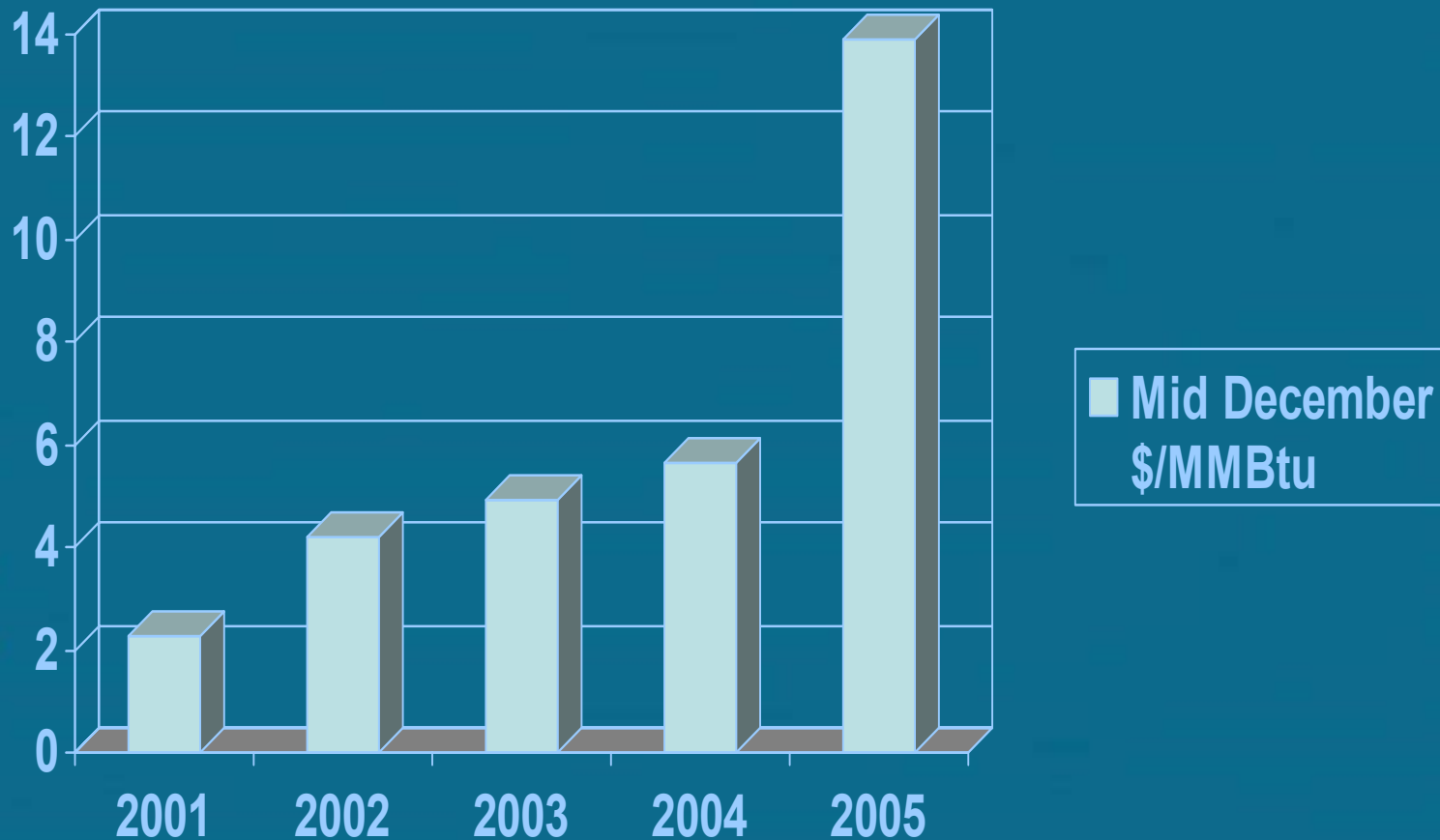


# **Winter Heating Information**

**Fiscal Committee of the  
Legislative Council**

**John Norris, Chairman  
Iowa Utilities Board  
December 19, 2005**

# Natural Gas Prices at Record Highs



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# Natural Gas Price Is Deregulated

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- Commodity fully deregulated by federal law in 1993
- Commodity costs passed through to customers without mark up
- Pipeline transportation charge is regulated - FERC
- Local distribution cost is regulated - IUB



# What Does This Mean For The Average Residential Customer?

Comparative Heating Season Cost For Same Gas Use  
(November – March)

1999-2000

\$344

2004-2005

\$592

2005-2006

\$845

Average Monthly Cost

1999-2000

\$ 69

2004-2005

\$118

2005-2006

\$169

844,000 X \$50 = \$42.2 Million per Month



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# Supply and Demand

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- Market based prices subject to supply and demand pressures
- Need from 5 to 15 years to increase the natural gas supply
- We can do something now to *decrease* the demand



# Regional Energy Conservation

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- Studies suggest a regional effort to conserve natural gas could affect national prices
- 5% reduction in both natural gas and electricity use in the Midwest region could cause a 13% reduction in natural gas wholesale prices
- That is 1% reduction/year for 5 years
- Result would be billions of dollars saved on energy costs

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# Midwest Natural Gas Initiative

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- Utility regulators, consumer advocates and energy offices in 8 Midwest states organizing
- Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, and Wisconsin are participating
- Governor Vilsack is encouraging governors to support




# Benefits of the Midwest Initiative

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- \$4.5 billion in direct natural gas savings
- \$6.8 billion in direct electricity savings
- \$4.2 billion in price savings due to natural gas price reduction

*Source: Midwest Energy Efficiency Alliance*



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# Iowa's Role in the Midwest Initiative

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- Iowa's investor-owned utilities already do a good job with energy efficiency efforts
- Investor-owned utilities spend close to \$90 million a year on energy efficiency – collected through rates



# But.....We Need to do More

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- Midwest Initiative is a long term response
- Immediate need: Keeping bills manageable
  - Low income assistance will be inadequate
  - Moderate income get no assistance
  - Many fixed income get no assistance
  - Businesses meeting a payroll

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# The Iowa Weatherization Challenge

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Statewide initiative to help Iowans make their homes more energy efficient

Volunteer groups are encouraged to mobilize a weatherization campaign in their community



# The Iowa Weatherization Challenge

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A Weatherization Challenge Kit is available at [www.state.ia.us/iub](http://www.state.ia.us/iub)

It describes how to organize a weatherization campaign, materials needed, and “how to” advice.

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# Simple Energy Efficiency Techniques Are Effective

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- Dial down & layer up
- Easy weatherization
  - Weather stripping
  - Caulking
  - Foam Sealant
  - Low Flow Shower Heads/Adapters



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# Energy Efficiency Really Does Work

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- A few dollars in materials and some volunteer labor can make a difference
- Investment pays for itself in first year
- Less \$\$\$ spent on high energy costs are more \$\$\$ available for other spending needs

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# Moville – First Pilot

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- Organized by local city councilman
- 20 volunteers weatherized 30 houses
- 6 hours on a Saturday
- Good media coverage – so public awareness on energy efficiency
- 2<sup>nd</sup> pilot in Iowa City in January



# Winter Moratorium

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- Between November 1 and April 1, a utility cannot disconnect service to a resident who is certified as eligible for low-income energy assistance
- There are also rules regarding disconnection for all other customers



# Disconnection

## Utilities must:

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- Give notice of disconnection
- Delay disconnection if the temperature is 20 degrees or below for 24 hours
- Offer reasonable payment agreements
- Offer a second payment agreement under certain circumstances
- Postpone disconnection once for 30 days for certain health conditions